

1 Amend 2 Cal. Code Regs. Section 18706:

2 **18706. Determining Whether a Material Financial Effect Is Reasonably Foreseeable.**

3 (a) A material financial effect on an economic interest is reasonably foreseeable,
4 within the meaning of Government Code section 87103, if it is substantially likely that
5 one or more of the materiality standards (see Cal. Code Regs., tit. 2, §§ 18704, 18705)
6 applicable to that economic interest will be met as a result of the governmental decision.

7 **[Decision point 1: Whether to Add Subdivision (b).]**

8 (b) **[Decision point 2: Whether to limit the scope of Subdivision (b) to Real**
9 **Estate Professionals and/or Real Estate Development Decisions] [Option A:**
10 **Application to Licensed Real Estate Agents and Brokers][Option B: Governmental**
11 **Decisions concerning Real Estate Developments]:** In determining whether a
12 governmental decision will have a reasonably foreseeable material financial effect on an
13 economic interest as defined in subdivision (a) above, [Option A: resulting from a public
14 official's occupation as a licensed real estate agent or broker,] the following factors
15 should be considered. These factors are not intended to be an exclusive list of the
16 relevant facts that may be considered in determining whether a financial effect is
17 reasonably foreseeable, but are included as general guidelines:

18 (1) The extent to which the official or the official's source of income has
19 engaged, is engaged, or plans on engaging in business activity in the jurisdiction;

20 **[Decision point 3: Eliminate Factor (2) or (3), or Merge Them:**

21 (2) The market share held by the official or the official's source of income in the
22 jurisdiction;]

1 [(3) The extent to which the official or the official's source of income has
2 competition for business in the jurisdiction;]
3 (3) or (4) The scope of the governmental decision in question; and
4 (4) or (5) The extent to which the occurrence of the material financial effect is
5 contingent upon intervening events, not including future governmental decisions by the
6 official's agency, or any other agency appointed by or subject to the budgetary control of
7 the official's agency.
8 (c) Possession of a real estate sales or brokerage license, without regard to the
9 official's business activity or likely business activity, does not in itself make a material
10 financial effect on the official's economic interest reasonably foreseeable.
11 NOTE: Authority cited: Section 83112, Government Code.
12 Reference: Sections 87100, 87102.5, 87102.6, 87102.8 and 87103, Government Code.